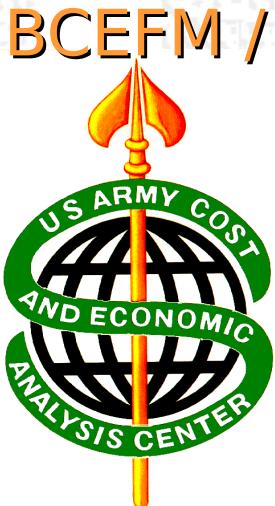


# US Army Cost & Economic Analysis Center (CEAC)



BCEFM / CP-11 Career Field Proponent

18 Sept  
02



[www.ceac.army.mil](http://www.ceac.army.mil)

# Subjects Covered

- ✓ **Organization and Mission**
- ✓ **Products & Services**
- ✓ **Cost Review Board Process**



# Applicable Cost Guidance

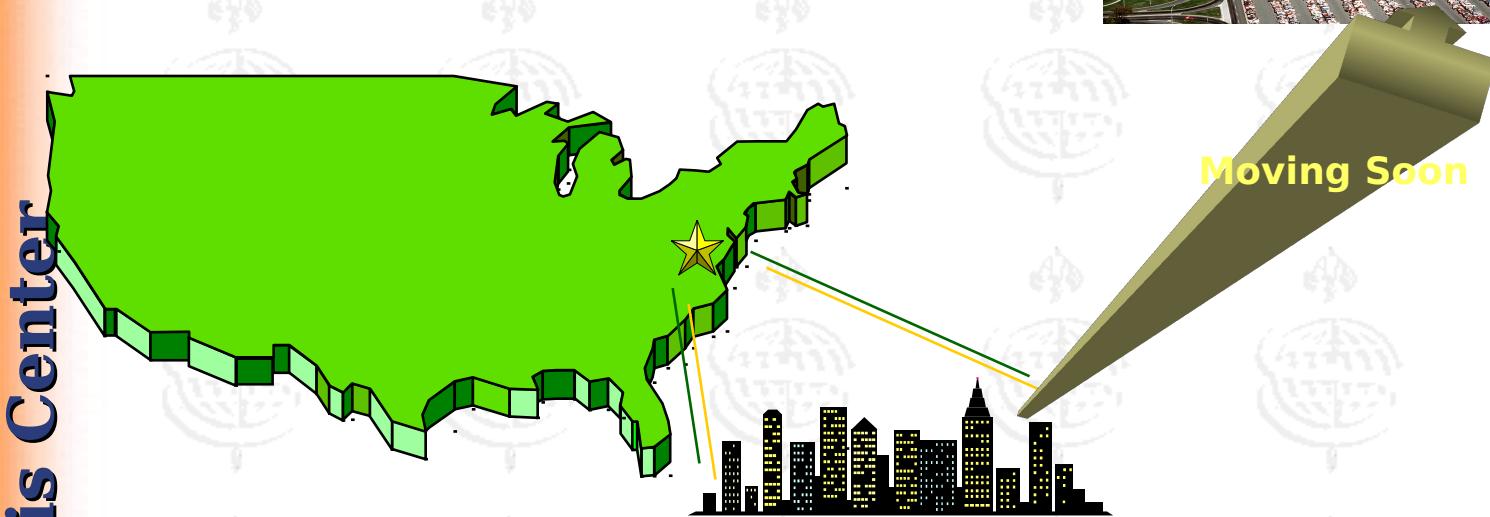
- ✓ **Congressional - Established Cost Requirement**
  - DOD Authorization Act of 1984 (P) 98-94)
  - 10 USC 2434
- ✓ **Department of Defense (DOD)**
  - DODD 5000.4 / M - Cost Policy & Guidance
  - DOD 5000.1 & 2 - Acquisition Requirements for Cost
- ✓ **Secretary of the Army - Cost Management / Activity Based Costing**
- ✓ **General Order # 1 - Cost Responsibility**

# **CEAC's Mission & Vision**

**CEAC Mission Is to Produce Real-time Cost & Economic Analysis Products and Services, and Facilitate Accurate Estimates, Accelerated Knowledge, and Informed Decisions Throughout the Army.**

**CEAC Vision Is to Be the Center of Excellence for Cost & Economic Analysis Products and Services.**

# CEAC Location



Moving Soon

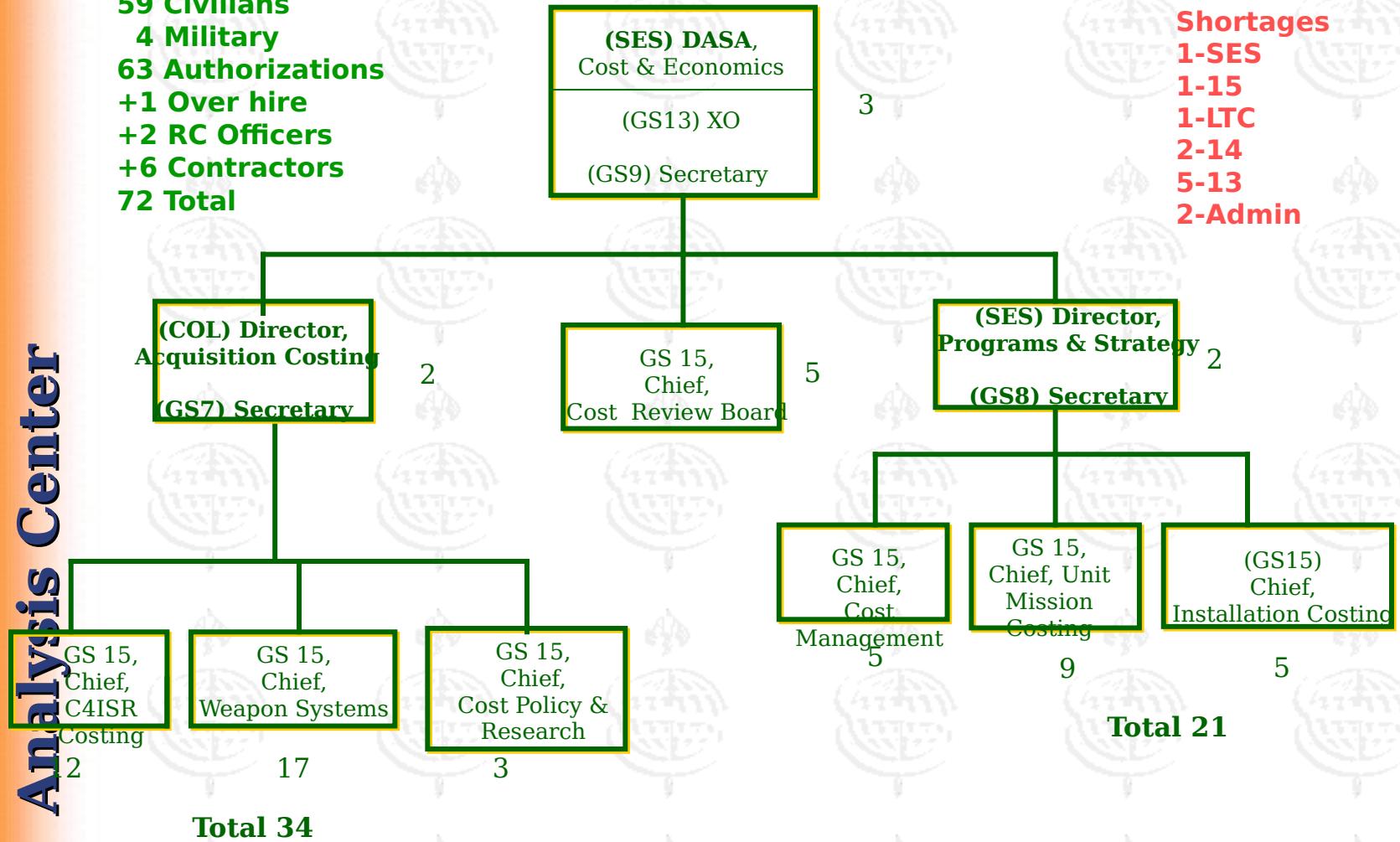
**1421 Jefferson Davis Highway  
Arlington, VA 22202-3259**

# The CEAC Re-Organization

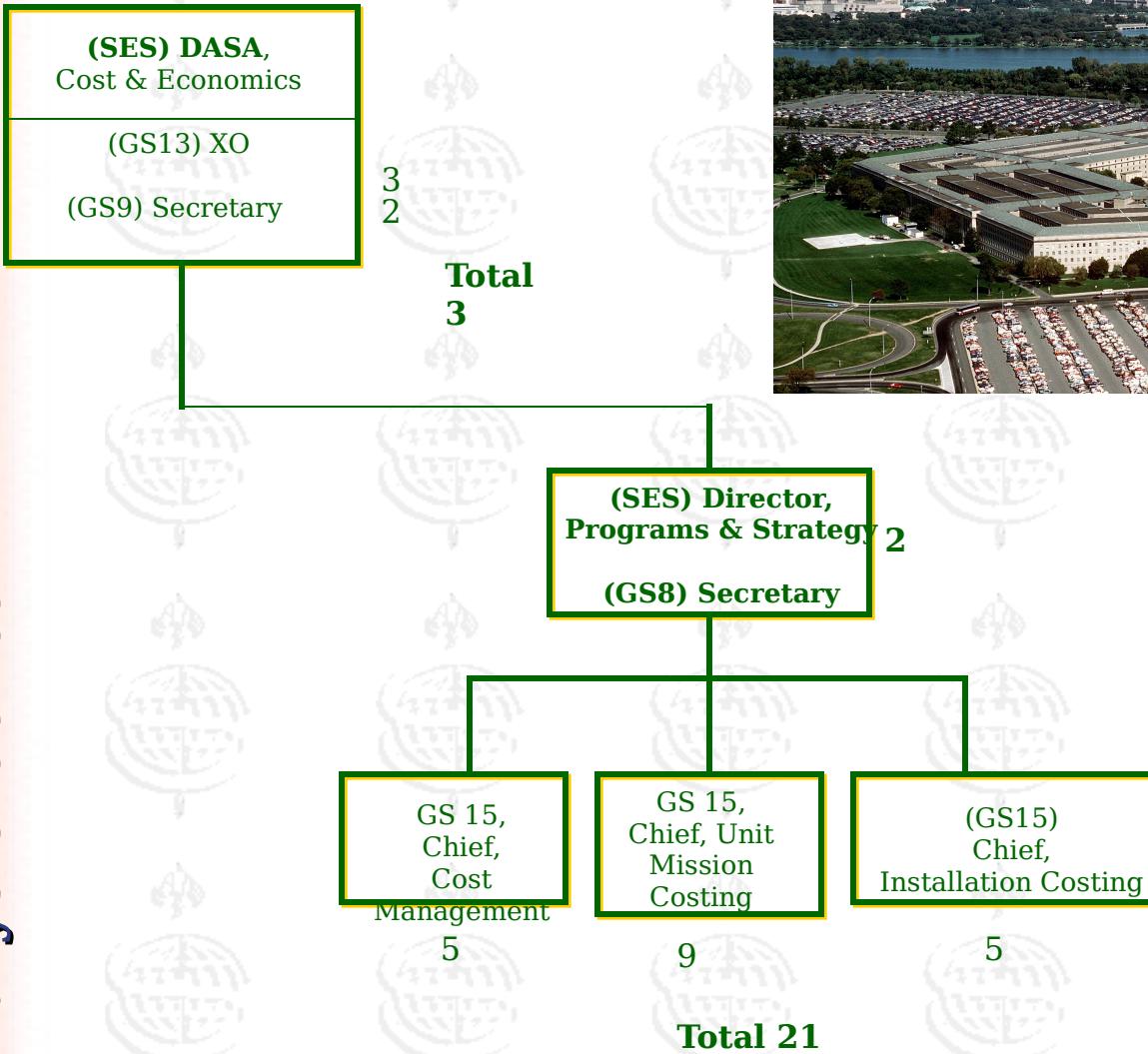
## Deputy Assistant Secretary of the Army, Cost and Economic Analysis Center

**59 Civilians**  
**4 Military**  
**63 Authorizations**  
**+1 Over hire**  
**+2 RC Officers**  
**+6 Contractors**  
**72 Total**

**Shortages**  
**1-SES**  
**1-15**  
**1-LTC**  
**2-14**  
**5-13**  
**2-Admin**

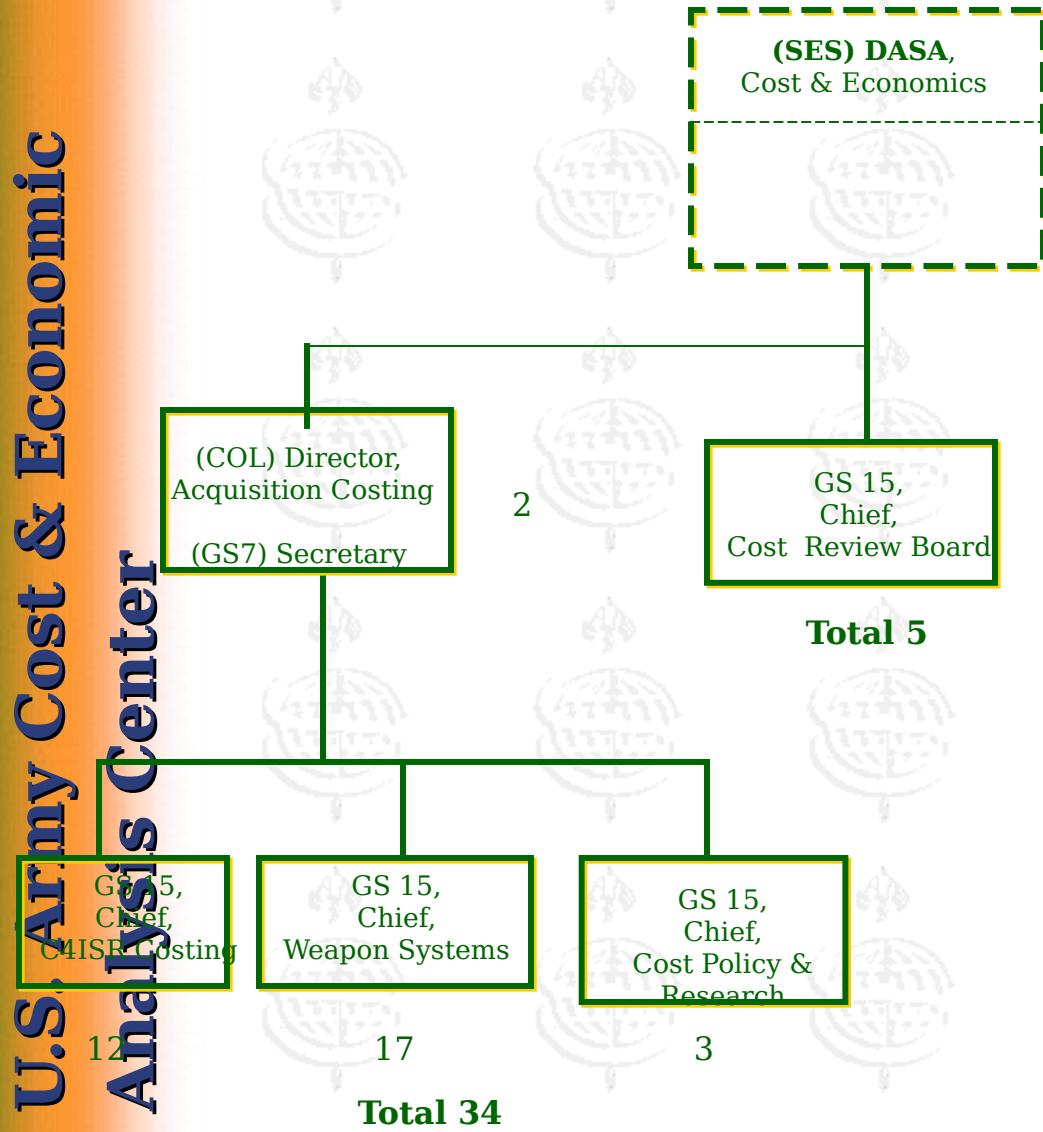


# U.S. Army Cost & Economic Analysis Center



**Total 24 TDA**  
**Plus 1 non-add**  
**Plus 4 contractors**

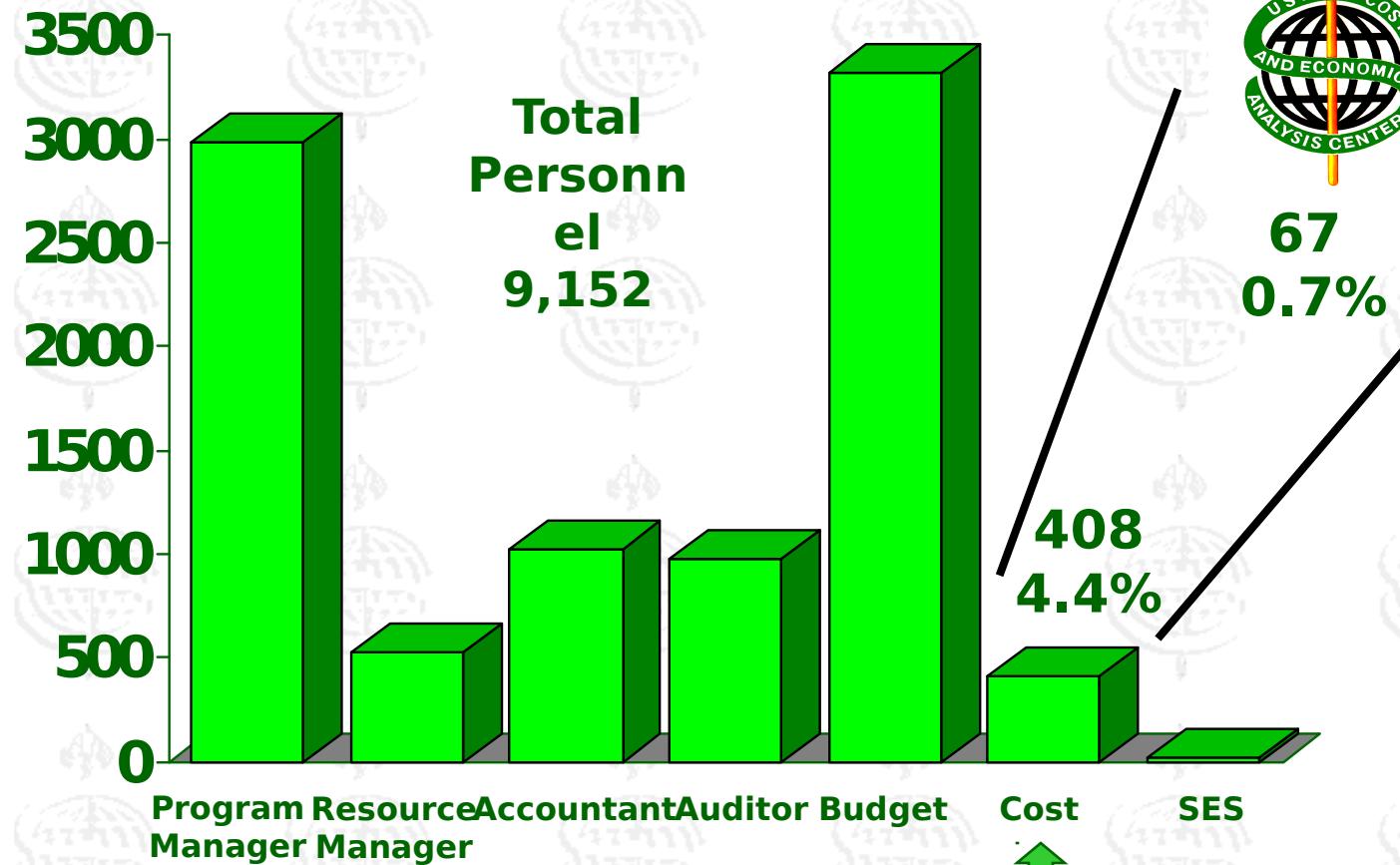
# U.S. Army Cost & Economic Analysis Center



## Crystal City

Total 39 TDA  
Plus 1 overhire  
Plus 2 contractors

# Financial Management - CP-11

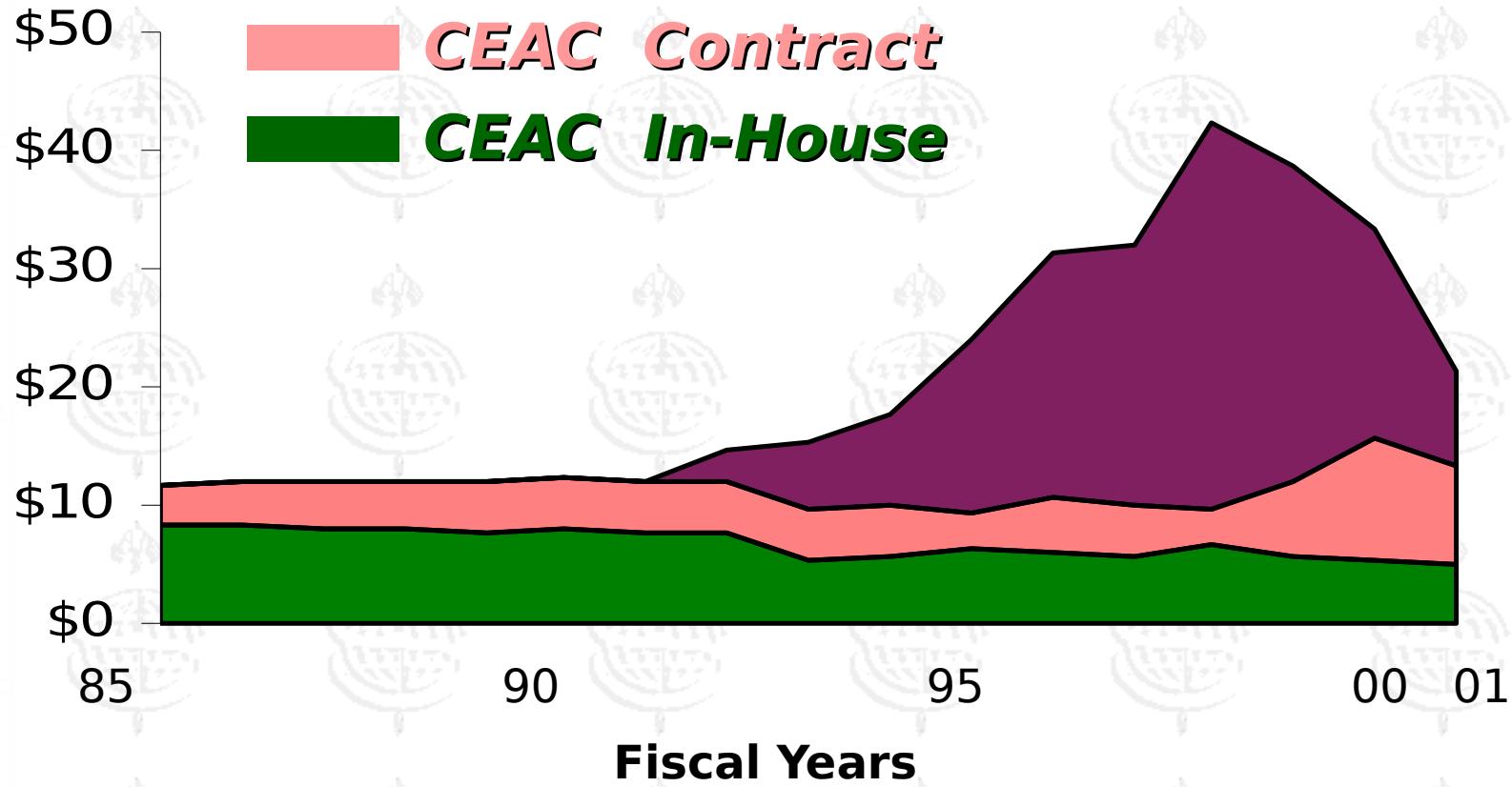


Acquisition & Financial  
Management Certification  
(PCEEM/CP-11)

# Cost Analysis Program



**Customer Contract**  
**CEAC Contract**  
**CEAC In-House**



# CEAC Core Functions

- ✓ **Conduct Independent Cost Estimates for Weapons & Information Technologies Systems**
- ✓ **Produce Army Cost Positions Through The Army Cost Review Board**
- ✓ **Manage The Army Cost Research & Career Programs**
- ✓ **Conduct Force Structure, Weapon System Operations & Support, Personnel, and Installation Cost Analyses**
- ✓ **Manage Army Program for Cost Management / Activity Based Costing (ABC)**
- ✓ **Provide Cost & Economic Analysis Support to Programming and Budgeting**

# CEAC Products & Services

## Weapons / Information Systems\*

✓ Conduct Independent Cost Estimates for  
Weapons & Information Technologies Systems

- ✓ **Develop Component (Army) Cost Analysis and Independent Cost Estimate**
  - Major Defense Programs as Required
  - Major & Special Army Programs, i.e., Chemical Demilitarization
  - Army Cost Analysis Focal Point for Joint Programs
- ✓ **Develop Army Cost Position**
  - Establish Position for each Army and Defense Acquisition Review Board
  - Developed Through the Army Cost Review Board
  - Basis of Programming and Budgeting

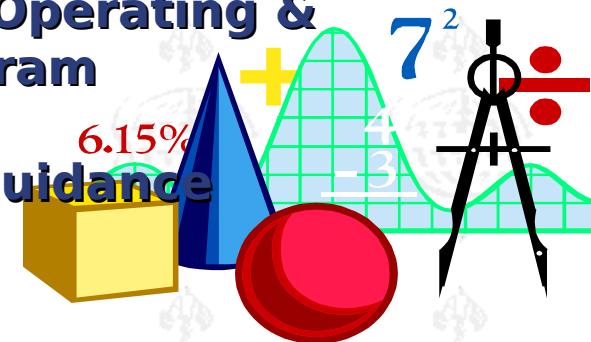
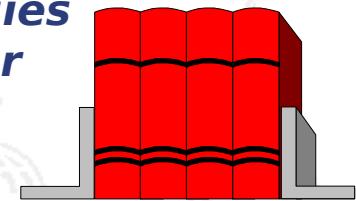
✓ Provide Cost & Economic Analysts Support to Programming and Budgeting

**Critiqued By OSD Cost Analysis Improvement Group For Defense Acquisition Board**

\* The Term Information Systems Covers Communications / Electronic and Information Systems

# Army Cost Policy & Procedures

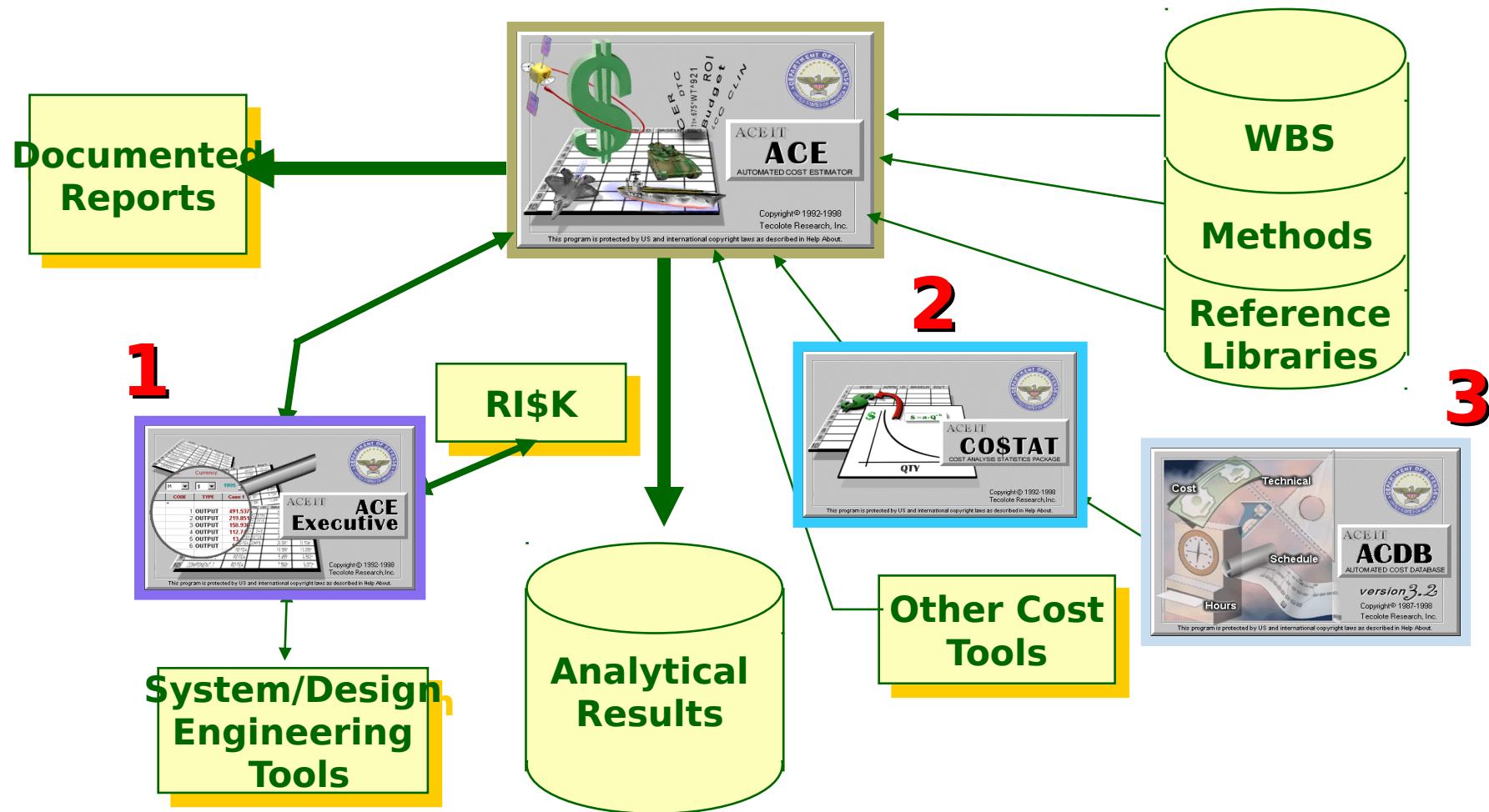
- **Cost Analysis Manual**  
*Provides Basic Frameworks for Methodologies & Procedures to Implement Policies for Better Cost Analysis*
- **Economic Analysis Manual**  
*Provides a Strong Analytical Framework for Comparing Costs & Benefits of Alternative Courses of Action*
- **Other Publications**
  - **Visibility and Management of Operating & Support Costs (VAMOSC) Program**
  - **Discount Rates for EA's**
  - **Life Cycle Cost Management Guidance**



# Army Wide Tools, Models, Databases

- ACEIT to Estimate System Costs
  - ✓ *Automated Cost Estimator (ACE)*
  - ✓ *CO\$TAT - Built in Statically Package*
  - ✓ *Automated Cost Data Base (ACDB)*
- OSMIS Source of Historical O&S Cost for > 1000 Systems
- Civilian & Military Costing Tools
  - ✓ *Civilian Pay Rates / Execution Data*
  - ✓ *Cost of Military by Grade & Military Occupation      Specialty (MOS) / skill*
- Force (Unit) Costs & Contingency Operations

# ACEIT: Data Warehousing Through A Suite of Analytical Tools



# U.S. Army Cost & Economic Analysis Center

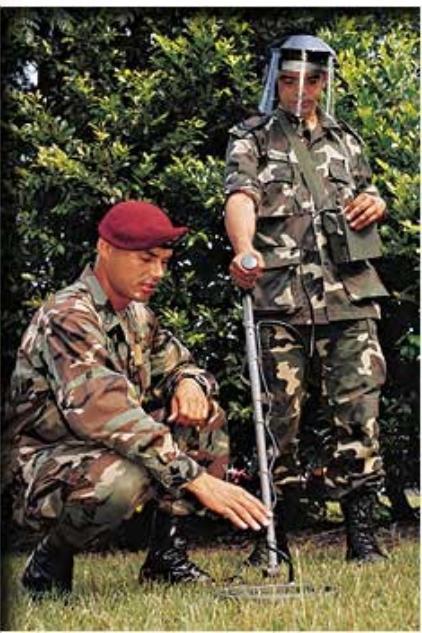


**FORCES INFORMATION CENTER**  
Information Section

EMAIL QUESTIONS OR COMMENTS



**OSMISWEB**



# FORCES ONLINE



**Website (2 yrs)  
518 Users  
21,863 Hits**

**UPDATE**  
May 13, 2002

**UPDATE**  
July 15, 2002



**Click to Install the Force Cost Model (FCM)**

**Click to Run the FCM Tutorial**

**Click to Run Cost Factors Handbook**

**Install Army Contingency Operations Cost Model**

**Click to Install End Strength Reduction Model**



# Welcome to the OSMIS Relational Database

the OSMISWEB! The CLASS IX data is currently being updated and will be back online ASAP!

The OSMIS Relational Database is presented to you by the U.S. Army Cost and Economic Analysis Center (USACEAC). Through the Relational Database users will be able to query the following data.

Query Information		Additional Information
Weapon System O&S Costs	Class III POL Costs	NSN/NIIN Attributes
Weapon System Density	Class V Ammunition Costs	UIC/Unit Attributes
Weapon System Activity	Depot End Item Maintenance Costs	Class II&IV Costs
Weapon System OPTEMPO	Depot Secondary Item Maintenance Costs	OPTEMPO Based Cost Factors
Class IX Materiel Parts Costs	Intermediate Maintenance Costs	OSMIS Weapons Definitions
	Work Breakdown Structure (WBS) Costs	



[PRESS TO LOGIN TO OSMIS RELATIONAL DATABASE](#)

WARNING !!!

This is a Department of Defense (DOD) interest computer system. All DOD computer systems are subject to monitoring at all times to ensure proper functioning of equipment and systems, including security devices, to prevent unauthorized use and violations of statutes and security regulations, to deter criminal activity, and for other similar purposes.

If monitoring of this or any other DOD computer system reveals possible evidence of violation of criminal statutes, this evidence and any other related information, including identification information about the user may be provided to law enforcement officials.

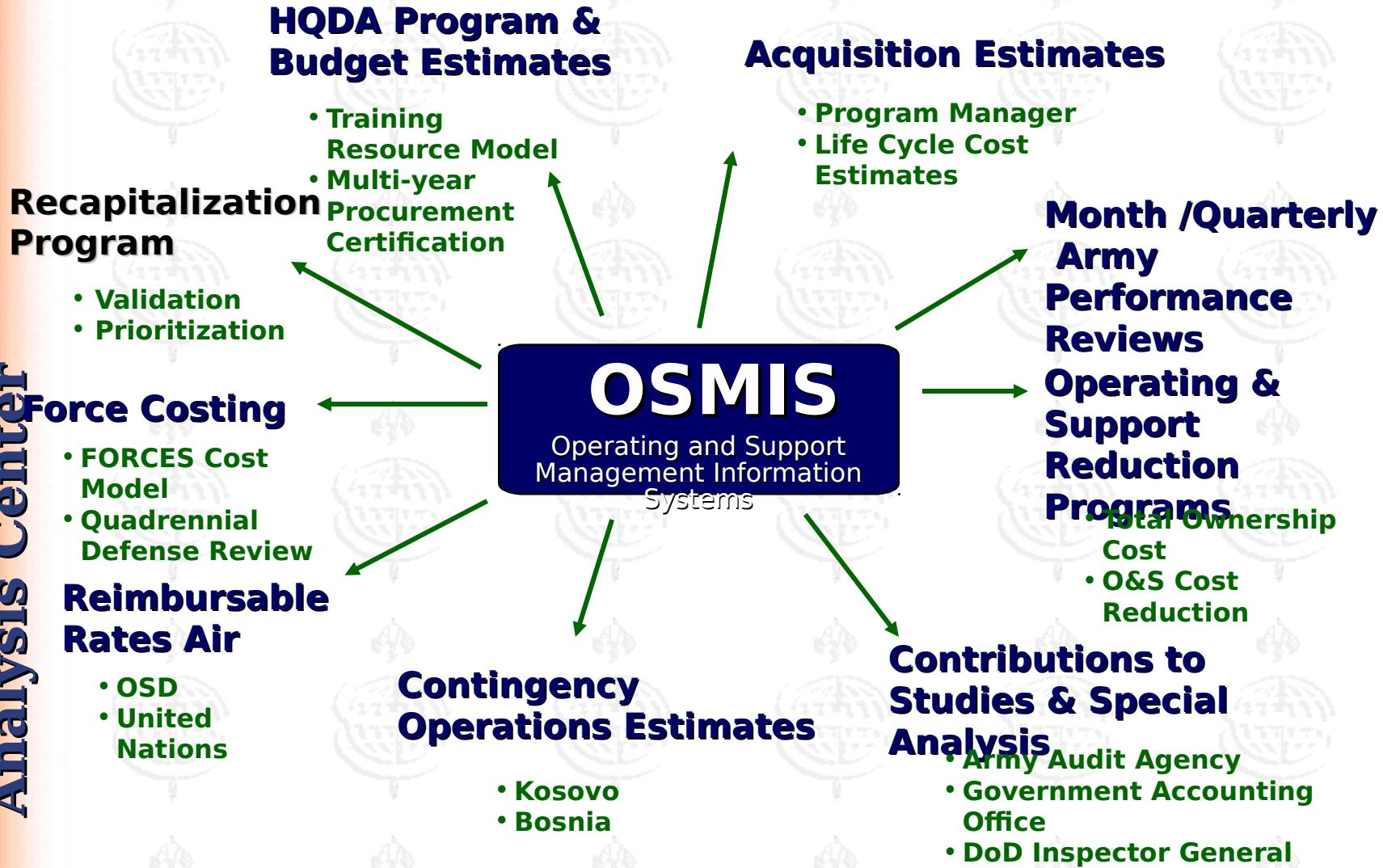


- Tracks 1058 Weapon Systems / Variants
- 9 Years of Historical Data
- Currently >1400 Users



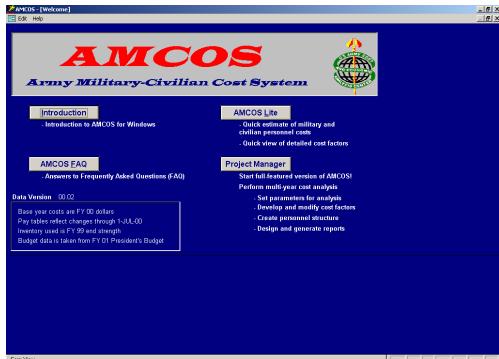
- Averages 33,000 Hits Per Year
- Averages 100 Hits Per Day
- 20+ New Users Per Week

# Army OSMIS Supports Many Customers



# Costing Civilian & Military Personnel

Web Based  
“online”

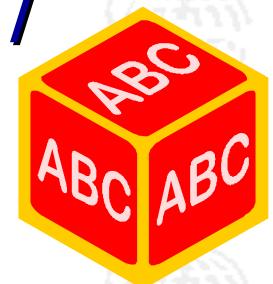


- **The Army Military Cost System (AMMOS)**
  - ✓ Active Military, Reserve Component/ National Guard
  - ✓ Produces Cost Estimates by Grade & Military Occupation Specialty  
**(MOS)/skill**
  - ✓ Variety of Military Pay Cost Factors (E.G., Base Pay, Training Costs, PCS, Medical Benefits, Retirement, Special Pay, Locality Pay)
- **The Civilian Cost System (CCS) - MACOM / Installation Partnership**
  - ✓ Tracks Monthly Civilian Pay Execution Data - AMSCO, EOR, Etc.
  - ✓ Web “Error” Reports Pinpointing Problems
  - ✓ Correct Errors As Part of Rate Generation Process

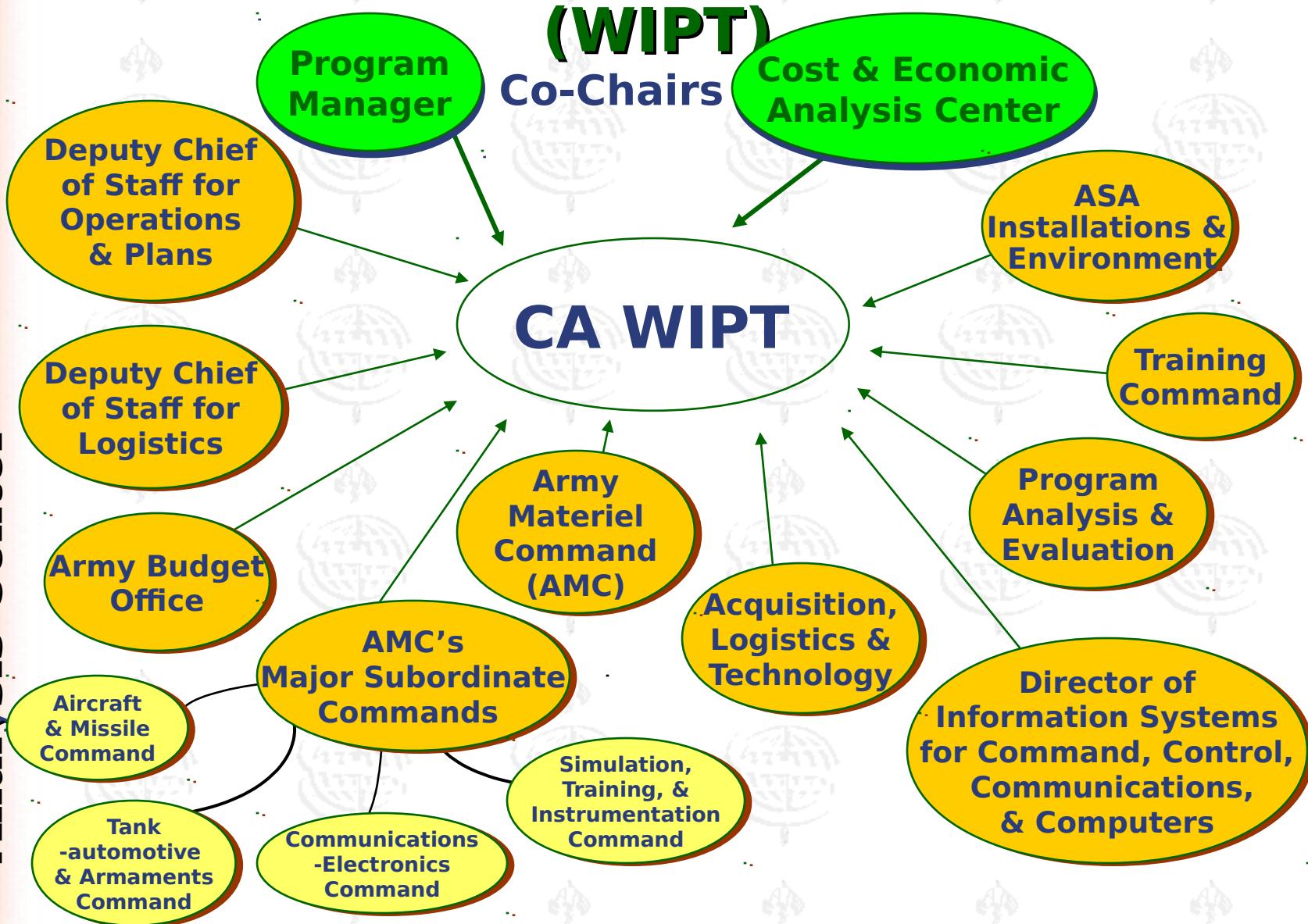
# Army Wide Implementation of Cost Management / Activity Based Costing (CM / ABC)



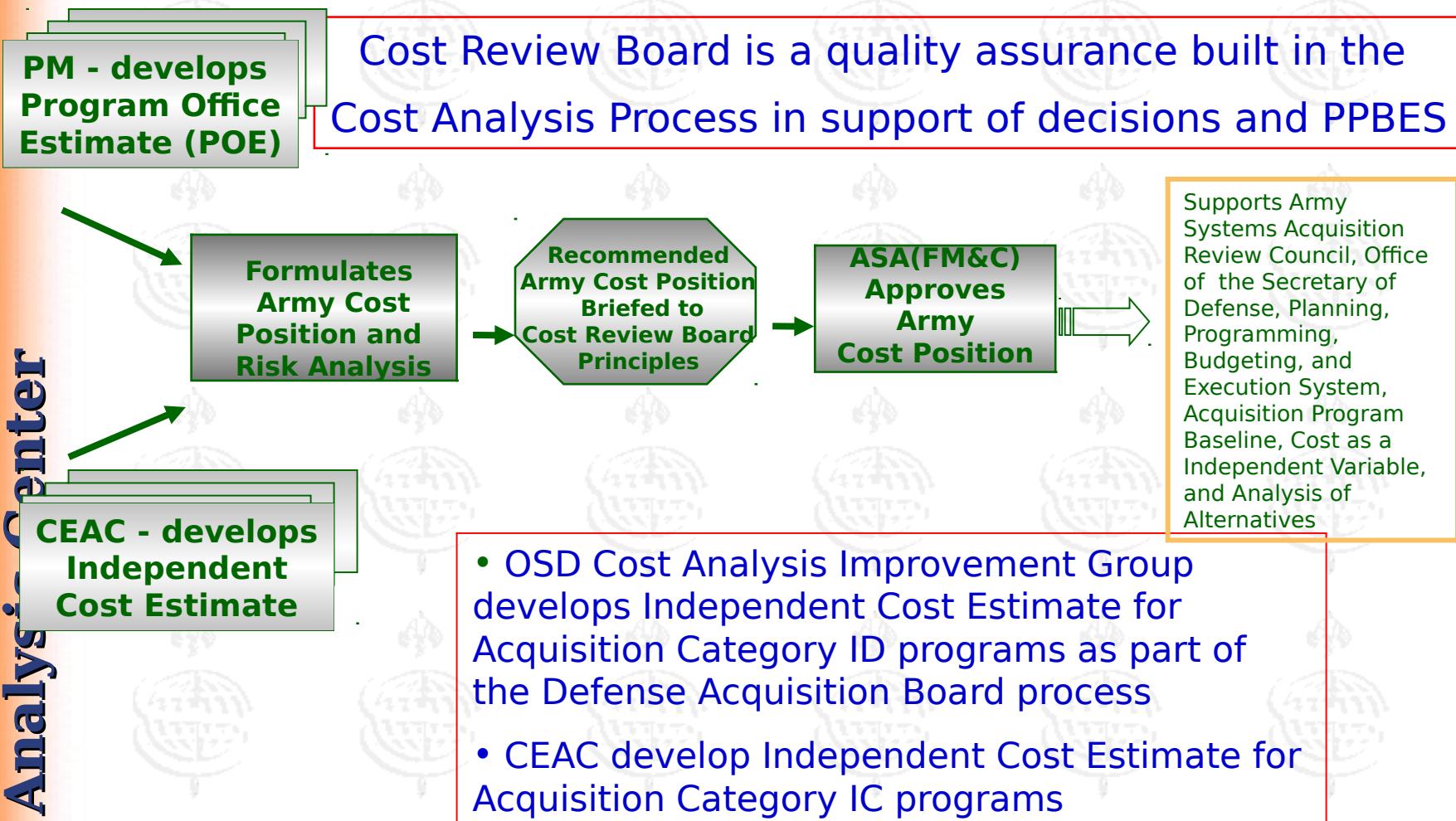
- ✓ Manage Army Program for Cost Management / Activity Based Costing (ABC)
- ✓ **Develop Plans**
  - Develop the Army Strategic Plan / Obtain OSD Approval
  - Review & Approve Business Area Plans
  - Assess Business Area Implementation Progress
  - Status Reported in Quarterly Army Performance Reviews
- ✓ **Manage Army Wide ABC Software / Sustainment**
- ✓ **Provided CM / ABC Training**
  - Initial Training to Business Area Staff
  - Establish Cost Management / ABC Courses



# **Cost Analysis (CA) Working-level Integrated Process Team**



# CRB Process Overview



# When Cost Estimates Are Prepared

## Comparison of Old vs. New Acquisition Process

**MS 0**

**MS I**

**MS II**

**MS III**

Systems past MS II continue with "old" process

**O  
L  
D**

Concept Exploration

Program Definition & Risk Reduction

Engineering & Manufacturing Development (EMD)

Production, Fielding/ Deployment



**N  
E  
W**

Concept Exploration

Component Advanced Development

System Integration

System Demo

Production Readiness & LRIP

Rate Production & Deployment

Support

Concept & Technology Development



System Development & Demonstration

System Development & Demonstration



System Development & Demonstration

Production & Deployment



Review

Pre-Systems Acquisition

**Systems Acquisition**

(Engineering and Manufacturing Development, Demonstration, LRIP & Production)

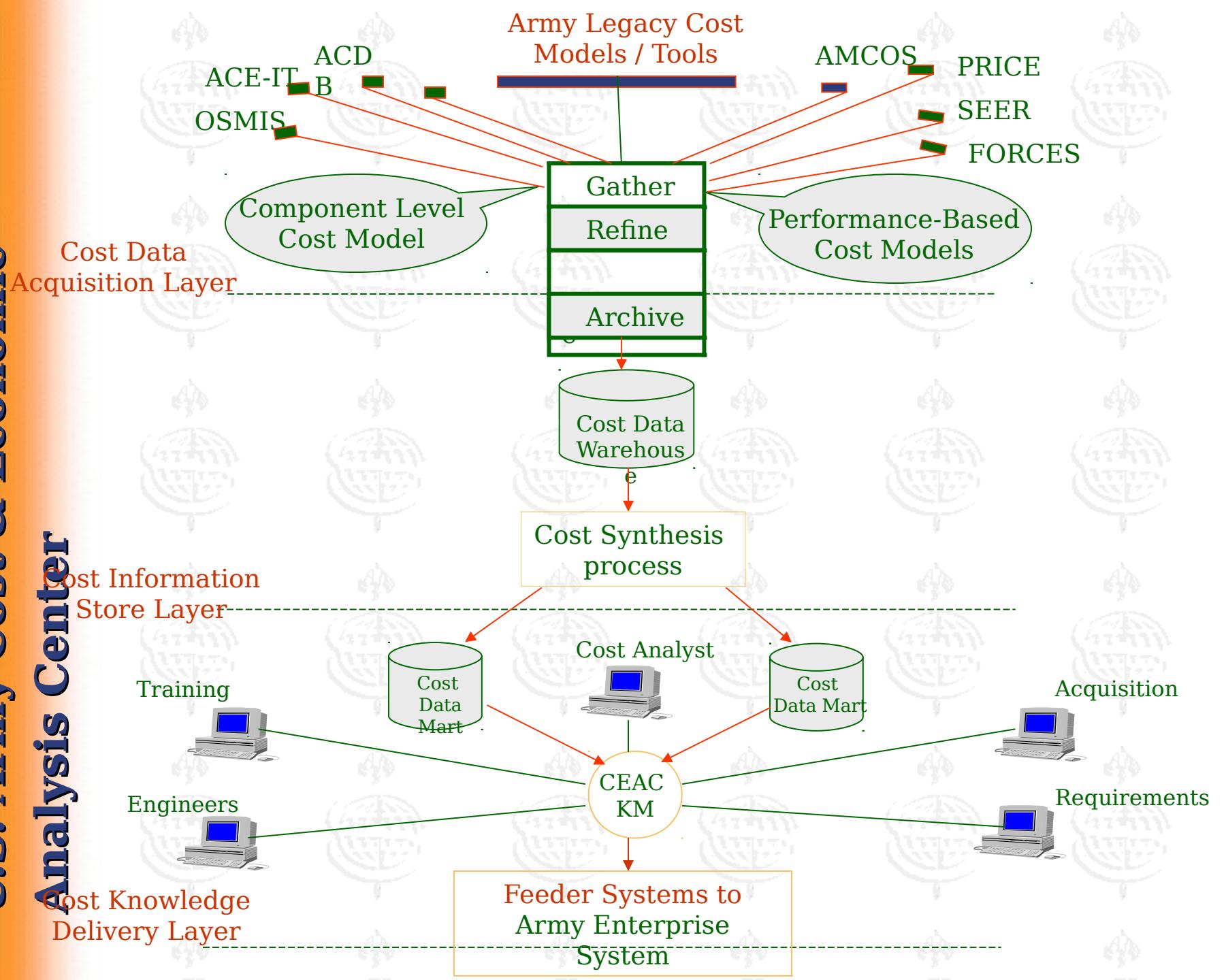
Sustainment

New start programs begin at MS A - C

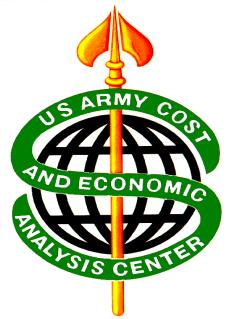
**SMART Costing**

- Implement CAIV
- Develop Performance-Based Cost Models
- Develop Component-Level Cost Models

# U.S. Army Cost & Economic Analysis Center



# **Summary**



**Cost and Economic Analysis  
Products and Services Are  
Essential and Integral To Army's  
Financial Management, Decision  
Making, Business Management  
And PPBES Processes**